

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of

NORTHWEST STANDARD GROUP I, LLC,	)	
NORTHWEST STANDARD GROUP II, LLC,	)	
NORTHWEST STANDARD GROUP III, LLC,	)	No. D03-63
NORTHWEST STANDARD GROUP IV, LLC,	)	
NORTHWEST STANDARD GROUP V, LLC,	)	ORDER TO
NORTHWEST STANDARD, INC., and	)	CEASE AND
ASSOCIATED CONSUMERS OF	)	DESIST
AMERICA, INC.	)	
	)	
Unauthorized Entities, and	)	
	)	
STEVEN H. CHILDRESS.	)	

Pursuant to RCW 48.02.080, the Insurance Commissioner of the State of Washington orders Northwest Standard Group I, LLC, Northwest Standard Group II, LLC, Northwest Standard Group III, LLC, Northwest Standard Group IV, LLC, Northwest Standard Group V, LLC, Northwest Standard, Inc., and Associated Consumers of America, Inc., also known as the Northwest Standard Group of Companies, their officers, managers, directors, trustees, agents, and affiliates, and Steven H. Childress ("Respondents") to immediately cease and desist from transacting insurance in the State of Washington in violation of the Washington Insurance Code.

THIS ORDER IS BASED ON THE FOLLOWING:

1. Since 1996, Respondents have been selling a product in Washington and in other states called a "patronage cash refund" and "100% money back guarantee", which product has been sold through dealers of boats, motorcycles, snowmobiles, automobiles, recreational vehicles, and manufactured homes. Respondents' "patronage cash refund" and "\$100% money back guarantee" product guarantees that at the end of the four to five year product service contract term, the consumer who purchased the product service contract will receive a refund of the product service contract price up to a specified maximum amount if no service has been provided under the product service contract.
2. As product service contract terms expired and refund claims were made, Respondent Northwest Standard Group I, LLC, has advised refund claimants of numerous purported reasons for possible denial of the refund and has further advised claimants that the "company administering this Program, Northwest Standard Group I, LLC, is insolvent" and that "we need not make any determination as to your eligibility".

3. Respondents' "patronage cash refund" and "100% money back guarantee" product is insurance as defined in RCW 48.01.040.

4. Respondents have not been granted a certificate of authority to act as an insurer or a license to act as an insurance agent.

5. Pursuant to RCW 48.15.02(2)(b), a person other than a duly licensed surplus line broker who makes a contract of insurance on behalf of an unauthorized insurer in this state is personally liable for the performance of the contract.

6. Respondents' sale and administration of the "patronage cash refund" and "100% money back guarantee" program violate RCW 48.05.030, Certificate of authority required, RCW 48.17.060, License required, and RCW 48.15.020, Solicitation by unauthorized insurer prohibited-Personal Liability.

7. By Cease and Desist Order D 01-22, the State of Alaska Department of Community and Economic Development Division of Insurance also has determined that Northwest Standard Group I, LLC, has been transacting insurance in violation of Alaska law through the sale of the "patronage cash refund" product in Alaska and has ordered Northwest Standard Group I, LLC, to cease and desist from transacting insurance in violation of Alaska's insurance code.

This Order shall not prevent Respondents from processing and paying claims or otherwise fulfilling contractual commitments to consumers who purchased the "patronage cash refund" and "100% money back guarantee" product prior to the date of this Order.

Any violation of the terms of this Order by Respondents, their officers, directors, agents, or affiliates, will render the violator(s) subject to the full penalties authorized by RCW 48.02.080 and other applicable Code sections.

Respondents have the right to demand a hearing pursuant to chapters 48.04 and 34.05 RCW. This Order shall remain in effect subject to the further order of the commissioner.

THIS ORDER IS EFFECTIVE IMMEDIATELY AND IS ENTERED at Tumwater, Washington, this 15th day of April, 2003.

MIKE KREIDLER  
Insurance Commissioner

By: \_\_\_\_\_  
Charles. D. Brown, Staff Attorney  
Legal Affairs Division  
Office of Insurance Commissioner  
State of Washington